

IMPACT OF LOGISTIC OUTSOURCING ON PERFORMANCE OF ROAD CONSTRUCTION FIRMS IN SRI LANKA

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ABSTRACT

Outsourcing is a new concept used in construction industry to enhance construction firm's performance. Among the core and non-core activities of the construction firms, past literature survey revealed that noncore activity of logistic mostly outsource in present era. Therefore, this study objected to find influencing factors for logistic outsourcing, challengers for implementing logistic outsourcing and impact of logistic outsourcing on performance of road construction firms in Sri Lanka. Descriptive method was adopted for this thesis and a considerable number of tender eligible road construction firms in Sri Lanka taken as population. Sample of 28 road construction firms selected using simple random sampling technique and web based questionnaire used to collect the data. Collected data was analyzed through the Relative Importance index method, correlation and regression analysis by utilizing SPSS and frequency analysis method.

Findings of the study revealed that majority of the road construction firms outsource logistic activities to external party. Influencing factors of logistic outsourcing in Sri Lankan road construction firms can be mentioned as increase productivity, enhance customer satisfaction, increase quality of delivery service. Moreover result shows some road construction firms reluctant to practice logistic outsourcing concept because of the fear of unrealistic cost and decrease range of organizational capabilities mainly. Study concept had considerable positive contribution towards the firm performance through the cost reduction, quality of service, enhancing productivity and controlling risk and strong positive correlation among them. Out of that cost reduction highly performed by outsourcing logistic activities to TPL providers.

Study recommends that implementing clear national policies, clearly define the firm requirements before outsourcing, proper assessment evaluation of the insource and outsource organization functions will increase third party logistic service and hiring TPL providers to a large scale in the near future.

Key words: *Logistic, outsourcing, Road Construction, organization performance, Sri Lanka*